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SUBJECT: PRC/AFRICA: MFA BRIEFS PRESS ON UPCOMING FORUM FOR CHINA-AFRICA COOPERATION (FOCAC) SUMMIT

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Classified By: Political External Unit Chief Edgard Kagan. Reasons 1.4 (b/d).

Summary

¶11. (C) Ministry of Foreign Affairs (MFA) Assistant Foreign Minister Zhai Jun and Ministry of Commerce (MOFCOM) Vice Minister Wei Jianguo briefed the press on October 26 on the Beijing Summit of the triennial Forum for China-Africa Cooperation (FOCAC), November 3-5 (Refs A-C). VM Wei said China and African countries are preparing more than 2,500 bilateral political, cultural, economic and trade agreements in connection with the Beijing Summit, which will include representatives from 53 African countries and over 40 African heads of state. As many agreements are still under discussion, it is uncertain how many will be unveiled at the Beijing Summit, but the total value will be "very large," VM Wei said. The Beijing Communist Party and the Beijing City Government have established task forces to ensure a successful event, which AFM Zhai described as akin to a rehearsal for the 2008 Olympic Games. Over the past two days, massive billboards with brightly colored photographs of African wildlife and pastoral scenes have appeared in Beijing by most major hotels and thoroughfares. Sudan President Bashir will lead a senior delegation from Sudan to the Beijing Summit and the PRC expects to discuss Darfur with him, according to AFM Zhai. VM Wei said the Beijing Summit would produce unspecified new initiatives by China toward Africa. End Summary.

A New Era?

¶12. (SBU) VM Wei noted Sino-African relations have entered a "new era of dialogue and cooperation" since the "action-oriented and results-focused inception of FOCAC in ¶2000. The Beijing Summit represents the largest and most senior dialogue in FOCAC's six-year history, VM Wei said. More than 40 African Heads of State or Government have confirmed their participation, according to AFM Zhai, who noted that the five African countries that recognize Taiwan

have yet to confirm their "customary" participation as observers. Chad President Deby told AFM Zhai personally he intends to attend, although the Zhai commented that Chad's domestic circumstances will ultimately decide whether he makes the trip to Beijing.

Bilateral Contracts

¶ 13. (C) During informal questions taken after the press conference ended, VM Wei said that Beijing and African countries are preparing more than 2,500 bilateral contracts in connection with the Beijing Summit. As many agreements are still under discussion it is uncertain how many will be unveiled at the Beijing Summit, but the total dollar value of trade and economic contracts will be "very large," Wei added.

COMMENT: China tends to aggregate its trade and economic figures for maximum optical effect. Some larger African embassies in Beijing have told us they do not expect to sign significant agreements during the Beijing Summit (Ref A), while smaller African embassies are busy preparing bilateral agreements. It is possible that China will add some previously existing commitments to its tally to boost the appearance of tangible achievements from FOCAC. END COMMENT.

PRC: China-Africa Trade Win-Win

¶ 14. (SBU) In prepared remarks, VM Wei said Sino-African trade and economic cooperation is "win-win" based on the principles of equality, respect and mutual benefit. China and Africa have complimentary economies. Since the first FOCAC Ministerial in 2000, Sino-African trade has experienced steady, rapid and comprehensive growth. China and African countries have signed 41 bilateral trade agreements conferring mutual most favored nation status to the signatories. In 1995, Sino-African trade totaled USD 10 billion. In 2005, the total reached USD 39.7 billion, with an annual growth rate of 30 percent. Trade reached USD 40.5 billion in the first three quarters of 2006 and is expected

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to far exceed USD 50 billion for the year. Of that total, China's imports totaled USD 18.7 billion against imports of USD 21.8 billion. China's bilateral trade with each of Angola, South Africa, Nigeria, Equatorial Guinea, Egypt, Libya and Algeria exceeded USD 2 billion. Bilateral trade between Angola and South Africa totaled USD 9.3 billion and USD 6.8 billion through the third quarter in 2006. Energy is only one component of Sino-African trade, as China's imports encompass oil, gas, minerals and agricultural products, among others. China's exports to Africa primarily cover mechanical goods, household electronics and agricultural products, VM Wei said, indicating China and Africa have a "complimentary trading pattern." China does have a trade surplus with some African countries but seeks to boost imports, VM Wei acknowledged in response to questions.

¶ 15. (SBU) VM Wei said China is highly competitive in Africa due to the improved quality of its exports and a high "performance to price" ratio. China's exports bring tangible benefits to African consumers, such as reducing costs and inflation. China has agreements with 28 African least developed countries (LDCs) to give zero tariff treatment for imports into China of African products that fall within 190 tax categories. Under this Special Preferential Treatment (SPT), China imported USD 380 million in 2005, an 88 percent increase over 2004. China has imported over USD 250 million under SPT in the first half of this year. Under FOCAC, China also has cancelled RMB 10.9 billion (USD 1.3 billion) in LDC and Highly-Indebted Poor Country (HIPC) debt, VM Wei claimed.

¶ 16. (SBU) The PRC encourages responsible and competent Chinese companies to invest in Africa, VM Wei said. China has signed 28 bilateral investment protection agreements and 8 double-taxation avoidance agreements in Africa. To date,

Chinese investments in Africa total USD 6.27 billion. Chinese investments in African have promoted economic growth, increased job opportunities, introduced technology, enhanced self-development capacity and improved living standards by providing affordable products for Africans. China's investments are very popular with Africans, VM Wei insisted.

Sincere Aid Like Firewood In Snow

¶ 7. (SBU) VM Wei asserted that China is a developing country that receives aid but also sincerely provides development assistance to Africa to the best of its abilities and with no political conditions. Questioned by Voice of America how China avoids misuse of its development assistance, VM Wei responded that since China's assistance seeks mutual benefit with no political conditions, it is sincere like "firewood in snow." China makes efforts to ensure fair, transparent assistance, Wei insisted. African countries must demonstrate their needs and propose how a given project helps their country. To ensure maximum benefits accrue from each project, the PRC uses public tendering for project selection, feasibility studies and implementation, VM Wei claimed.

PRC Lauds Its Development "Model"

¶ 8. (SBU) The Chinese companies undertaking development assistance projects have considerable overseas experience and market expertise, VM Wei said. The PRC asks these engineers to study and consult with local authorities on project plans. China does not provide cash, VM Wei claimed, but implements projects with real benefits so as to avoid "dark deeds" by recipient individuals or governments. Western countries seek to better understand and learn from China's development assistance model, VM Wei contended. Since 1956, China has assisted 49 African countries with 700 projects covering an array of areas, including agriculture, infrastructure development, fisheries, food processing and hydroelectric power. China has financed 58 projects in 26 African countries with preferential loans. Over the years, China has completed 137 agricultural projects and 133 infrastructure projects, in addition to constructing a 2000 kilometer railway and a 3000 kilometer road. China's development assistance aims to meet the needs of Africans through bilateral friendship and cooperation. China has increased Africans' capacity for self-development by offering scholarships to study in China for 18,000 Africans and dedicating 16,000 health care professionals to medical teams in Africa over the past 50 years. Since FOCAC's inception, 17 African countries have become PRC approved tourist destinations. China's model has proven successful and has been warmly received, VM Wei claimed.

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New Initiatives?

¶ 9. (SBU) VM Wei stated that Beijing will launch a series of new initiatives toward Africa during the Beijing Summit (but declined to specify what China might propose) and described the mechanics of the "High-Level Dialogue between Chinese and African Leaders and Business Communities and the Second Conference of Chinese and African Entrepreneur," (Ref A), in which some 1500 Chinese and African entrepreneurs are expected to participate. More than 100 African enterprises from 20 countries have also registered for an African products exposition slated for November 6 and 7 at the Beijing International Conference Center, he added.

PRC, Sudan to Discuss Darfur

¶ 10. (U) Responding to a question on Darfur, AFM Zhai said that President Bashir will lead a senior delegation from

Sudan to the Beijing Summit. China and Sudan have a longstanding cooperative relationship that has progressed considerably in recent years. China follows regional issues closely, including the problems in Darfur, and supports efforts in the United Nations to address regional humanitarian issues. The international community has expressed its views on peacekeeping operations in Darfur and China is using its own channels to speak with Sudan's Government of National Unity (GNU). In Beijing, PRC and GNU leaders will discuss issues of mutual concern, including Darfur. China calls on all rebel groups to sign the Darfur Peace Agreement. China will continue to work with others in the international community to resolve the Darfur issue, AFM Zhai added.

PRC-Angola Relations

¶11. (U) Asked to describe China's trade relations with Angola, VM Wei said China and Angola pursue a commercial cooperation pattern under a package agreement between the two countries that covers energy cooperation and a host of development initiatives, including road, refinery, reprocessing plant construction, all of which have been requested by the Angolans. Some projects have been started, some remain in feasibility studies. The PRC will discuss with the Angolan delegation ways to improve the package agreement. China "suspects" President Dos Santos will lead the Angolan delegation but plans are not yet confirmed. China is ready to play an even bigger role in Angola's postwar reconstruction, VM Wei said, adding that Angolans are in urgent need of China's development model to achieve prosperity.

PRC Refutes Western Criticism

¶12. (U) Asked to respond to World Bank President Wolfowitz's criticism of Chinese bank lending practices to Africa, VM Wei said China attaches great importance to Chinese companies' behavior in Africa. The PRC does not approve projects that damage or pollute the environment in Africa. Chinese companies that defy PRC orders in Africa will face severe punishment, including revocation of their license to operate anywhere outside China. VM Wei added that most Chinese companies abide by Chinese law and he had not heard any specific allegations of illegal activities. Chinese banks and financial institutions are working to ensure they better meet local credit needs and comply with international standards, VM Wei noted in response to a related question. Pressed on Western criticism of China's failure to address human rights concerns in Africa, AFM Zhai flatly rejected any such criticism. China follows the five principles of peaceful coexistence, including non-interference, and its trade relations with Africa bring tangible benefits to both sides. China is deeply interested in Africa's development so there is nothing to criticize. China does not accept or impose development models, Zhai added.

An Olympic Rehearsal?

¶13. (U) AFM Zhai declined to speculate on total attendance figures for the Beijing Summit but said that nearly 1000 journalists, including about 500 from foreign news organizations, have registered to cover the events. With

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delegations from 53 countries (including observers), African regional organizations, entrepreneurs and United Nations agencies, Beijing has never embraced so many guests, Zhai said. The Beijing Communist Party and the Beijing Municipality have established special leadership task forces to ensure Beijing properly hosts the event, which Zhai described as akin to a rehearsal for the 2008 Olympic Games. Noting Beijing's notorious traffic problems, Zhai urged

journalists to "show understanding" and not contribute to the traffic problems. Over the past two days, massive billboards with brightly colored photographs of African wildlife and pastoral scenes have appeared in Beijing by most major hotels and thoroughfares. The billboards offer "congratulations" on Sino-African cooperation.

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